

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** PCB HEA 20-01 Public postsecondary commercial sponsorships

**SPONSOR(S):** Higher Education Appropriations Subcommittee

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Higher Education Appropriations Subcommittee	11 Y, 1 N	Crowley	Butler

### SUMMARY ANALYSIS

The bill creates s. 1004.098, F.S., to require State University System and Florida College System institutions' presidents to provide written notification to the Governor, the President of the Senate, and the Speaker of the House of Representatives prior to executing a contract for all non-philanthropic commercial sponsorships of \$1 million or more, designed for marketing in a public postsecondary institution's athletic facilities. If, within 30 days of receipt, any of the parties provide written objection, an act of the Legislature shall be required for authorization.

The bill takes effect July 1, 2020.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

Currently, neither Florida statute, BOG regulation, nor SBE rule specifically addresses public postsecondary commercial sponsorships for athletic facilities.

The naming of State University System institutions' and Florida College System institutions' facilities are subject to the following requirements by law:

1. A facility constructed pursuant to facilities' matching grant programs for State University System<sup>1</sup> and Florida College System institutions<sup>2</sup> may be named in honor of a donor at the option of the university and Board of Governors for state universities, or district board of trustees for a Florida College System institution. No facility may be named after a living person without prior approval by the Legislature for university facilities, or the State Board of Education (SBE), for college facilities.<sup>3</sup>
2. Any state building, road, bridge, park, recreational complex, or other similar facility of a state university may be named for a living person by the university board of trustees in accordance with regulations adopted by the Board of Governors of the State University System.<sup>4</sup>

The Florida Board of Governors (BOG) regulations<sup>5</sup> provide for the following:

1. The naming of facilities must be approved by the institution's board of trustees, as a noticed, non-consent agenda item.
2. Non-gift related naming of facilities should be reserved for individuals who have made significant contributions to the university or to the state of Florida or to the fields of education, government, science or human betterment and who are of recognized accomplishment and character. Honorary naming of a university facility is not allowed for any active board member or employee of the Board of Governors or any active employee, student, or trustee of the university.
3. Gift-related naming of a facility requires a donation that constitutes a significant contribution to the cost of the university facility, or for an existing facility, significant improvements, both as established by board of trustees' policy. The limitations set forth for non-gift related honorary naming are not applicable to gift-related naming of a university facility.

On December 20, 2019, Florida Atlantic University announced FAU arena, home of the Owls' men's and women's basketball and volleyball teams would be known as the RoofClaim.com Arena. The 10-year agreement between FAU and CEO Brian Wedding with RoofClaim.com for the naming rights became effective immediately. The 10-year agreement is valued at \$5 million.<sup>6</sup>

The University of Central Florida (UCF) first executed naming rights for Spectrum Stadium in 2006, then known as Bright House Sports Network Stadium. In 2013, the local cable company activated a clause allowing it to renegotiate the contract, reduced by \$3 million and made the contract renewable annually with an expiration date of August 2021.<sup>7</sup> In 2017, the name was changed to Spectrum Stadium, as a result of Bright House Networks' buyout agreement with Charter Communications in May

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<sup>1</sup> s. 1013.79(11), F.S., University Facility Enhancement Challenge Grant Program, also known as the Alec P. Courtelis University Facility Enhancement Challenge Grant Program.

<sup>2</sup> s. 1011.32(12), F.S., The Florida College System Institution Capital Facilities Matching Program.

<sup>3</sup> *Ibid.*

<sup>4</sup> s. 267.062(3), F.S.

<sup>5</sup> BOG 9.005 Naming of Buildings and Facilities

[https://www.flbog.edu/wp-content/uploads/9\\_005NamingofBuildingsandFacilitiesVersionFINAL.pdf](https://www.flbog.edu/wp-content/uploads/9_005NamingofBuildingsandFacilitiesVersionFINAL.pdf)

<sup>6</sup> The Palm Beach Post <https://www.palmbeachpost.com/sports/20191220/fau-basketball-florida-atlantic-receives-5-million-sponsorship-from-roofclaimcom-to-rename-fau-arena>

<sup>7</sup> [http://www.nicholsonstudentmedia.com/sports/spectrum-replaces-naming-rights-of-bright-house-networks-stadium/article\\_95d8c71a-1fb6-11e7-8a88-e700215bb757.html](http://www.nicholsonstudentmedia.com/sports/spectrum-replaces-naming-rights-of-bright-house-networks-stadium/article_95d8c71a-1fb6-11e7-8a88-e700215bb757.html)

2016. UCF currently generates an annual payout between \$500,000 and \$1,250,000 in revenue from its naming rights for Spectrum Stadium, earning \$750,000 each year until Spectrum's current contract expires on August 1, 2021.

On May 22, 2013, UCF entered into a naming rights contract with CFE Credit Union for seven years, worth \$3.95 million, or \$564,286 per year for CFE Arena.<sup>8</sup> In May 2019, the credit union's name was rebranded as Addition Financial. Addition Financial Arena is home to the UCF Knights men's and women's basketball teams, as well as concerts, family shows and other attracts for the Central Florida area.<sup>9</sup>

On June 9, 2016, the University of Florida's (UF) Board of Trustees voted to approve a corporate partnership with Exactech in a 10 year naming agreement for \$5.9 million with a 5 year option for \$3.5 million for the Steven C. O'Connell Center to be named Exactech Arena at the Stephen C. O'Connell Center.<sup>10,11</sup>

In June of 2013, Florida State University (FSU) renegotiated an apparel contract with Nike, a long-standing corporate sponsor of athletics programs at the institution. According to a copy of the contract obtained through a public records request by Warchant.com, the deal is worth approximately \$50 million over a period of ten years, and gives Nike the rights to consult and develop new logo and uniforms for FSU, though the university retains the right of final approval of all designs.<sup>12</sup>

On August 29, 2019, UF announced a new multiyear agreement with Wells Fargo. Under this agreement, Wells Fargo will serve as both the "Official Retail Bank of the Florida Gators" and the official sponsor dedicated to women's athletics at the institution.<sup>13</sup> Financial details were not provided.

On September 13, 2019, UCF announced a new sponsorship agreement with Walt Disney World Resort. The multiyear agreement includes "shared marketing opportunities, in-game promotions at UCF home football games and Disney signage inside Spectrum Stadium."<sup>14</sup> Financial details were not provided.

### **Effect of Proposed Changes**

The bill creates s. 1004.098, F.S., to provide that prior to any public college or university executing a non-philanthropic commercial sponsorships of \$1 million or more that are not philanthropic and are designed for marketing in the institution's athletic facilities, the institution's president must first give written notification to the Governor, the President of the Senate, and the Speaker of the House of Representatives. If any one of the notified parties provides written objection to the proposed sponsorship agreement within 30 days of receipt, an act of the Legislature will be required to authorize it.

Future corporate sponsorship agreements similar to those described above may be subject to legislative approval upon passage of this bill, depending on the total value of the contracts.

#### **B. SECTION DIRECTORY:**

**Section 1:** Creates s. 1004.098, F.S., relating to non-philanthropic commercial sponsorship agreements.

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<sup>8</sup> [https://db0nus869y26v.cloudfront.net/en/CFE\\_Arena](https://db0nus869y26v.cloudfront.net/en/CFE_Arena)

<sup>9</sup> UCF Today <https://www.ucf.edu/news/cfe-arena-name-change-addition-financial/>

<sup>10</sup> <https://floridagators.com/news/2016/6/8/chris-harry-o-dome-partners-with-exactech-in-naming-agreement.aspx>

<sup>11</sup> [https://trustees.ufl.edu/media/trusteesufledu/minutes/2016/Finance\\_June-9,-2016.pdf](https://trustees.ufl.edu/media/trusteesufledu/minutes/2016/Finance_June-9,-2016.pdf)

<sup>12</sup> Warchant.com <https://floridastate.rivals.com/news/a-look-at-fsus-10-year-nike-contract>

<sup>13</sup> <https://www.learfield.com/2019/08/university-of-florida-wells-fargo-unveil-elevated-athletics-sponsorship/>

<sup>14</sup> <https://ucfknight.com/news/2019/9/13/general-walt-disney-world-resort-sponsors-the-ucf-knights.aspx>

**Section 2:** Provides an effective date of July 1, 2020.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

None.

2. Expenditures:

None.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

### **D. FISCAL COMMENTS:**

State University System and Florida College System institutions will not be able to execute certain corporate sponsorships for \$1 million or more without prior notification to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The process may reduce corporate sponsorship revenues to institutions.

## **III. COMMENTS**

### **A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

### **B. RULE-MAKING AUTHORITY:**

None.

### **C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

## **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

